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BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

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July 16, 2004

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IN RE: Petition of XO Tennessee, Inc. and XO
Communications Services, Inc for Approval of
Transfer of Authority)
)
)

Docket No.

04-00212

PETITION OF XO TENNESSEE, INC. AND XO COMMUNICATIONS SERVICES,
INC. FOR TRANSFER OF AUTHORITY

XO Tennessee, Inc. ("XO TN") and XO Communications Services, Inc. ("XO Communications") (together, "Petitioners" or "XO Subsidiaries"), both subsidiaries of XO Communications, Inc. ("XO"), the ultimate parent corporation, by their attorneys and pursuant to T C A § 65-4-113, petition the Tennessee Regulatory Authority (the "Authority" or "TRA") to approve the transfer of the certificate of convenience and necessity held by XO TN to XO Communications. As explained below, this transfer is the result of a corporate reorganization in which XO TN will be merged into XO Communications.¹ Customers will still see the name XO on their bills and this reorganization will have no material impact on customers' rates and services in Tennessee. Because the Petitioners are awaiting regulatory approvals before completing this corporate reorganization, the Petitioners request that the Authority approve this Petition at the agency's earliest possible convenience.

In support of this Petition, the XO Subsidiaries provide the following information:

¹ XO Communications became the new name of XO Domestic Holdings, Inc. on June 29, 2004. XO is in the process of obtaining the necessary documentation from the Tennessee Secretary of State showing the name change and will late-file the documentation and any necessary additional request for name change approval.

I. The Petitioners

XO Communications, Inc. is a Delaware corporation whose principal office and place of business is located at 11111 Sunset Hills Road, Reston, Virginia 20190-5339. The company's stock is publicly traded on the Over the Counter Bulletin Board under the symbol "XOCM.OB." XO is a leading facilities-based provider of broadband telecommunications services. The company offers a complete set of telecommunications services including local and long distance voice, Internet access, Virtual Private Networking (VPN), Ethernet, Wavelength, Web Hosting and Integrated voice and data services. XO provides service through its facilities-based broadband networks and Tier One Internet peering relationships. The company also is one of the nation's largest holders of fixed wireless spectrum, covering 95% of the population of the 30 largest U.S. cities. XO currently offers facilities-based broadband telecommunications services within and between more than 70 markets throughout the United States.

XO is authorized by the FCC to provide interstate and international telecommunications services and, through one or more of its subsidiaries, is authorized to provide intrastate interexchange services virtually nationwide, and is authorized to provide competitive local exchange services in 47 states. In Tennessee, XO is authorized to provide intrastate interexchange and local exchange telecommunications services pursuant to its authorization issued by the Authority.² Thus, XO TN and its corporate parent, XO, have been found by the Authority to possess the requisite financial, managerial and technical qualifications necessary to operate as a provider of intrastate telecommunications services in Tennessee.³

² See Docket No 98-0252, granted September 29, 1995

³ XO's most recent Annual Report and Form 10-Q which contains the consolidated financial statements of XO and subsidiaries can be accessed at www.xo.com

To further streamline and simplify its corporate structure, XO intends to collapse XO TN into XO Communications. After completion of the consolidation, XO will remain the ultimate corporate parent and it will have only one XO subsidiary operating in the states. Like XO TN, XO Communications is a direct, wholly owned subsidiary of XO. XO Communications, currently being renamed from XO Domestic Holdings, Inc., is authorized to transact business in Tennessee.

II. Designated Contacts

The designated contacts for questions concerning this Petition are:

Henry M. Walker, Esq.
BOULT, CUMMINGS, CONNORS & BERRY, PLC
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Washington, D.C. 20036
Tel. (202) 955-9667

Copies of any correspondence also should be sent to the following designated representative of the Petitioners.

Doug Kinkoph
Vice President Regulatory and External Affairs
XO COMMUNICATIONS, INC.
Two Eastern Oval
Suite 300
Columbus, Ohio 43219
Tel. (614) 416-1468
Fax (614) 416-9268

III. Description of the Reorganization

The reorganization and consolidation of the XO Subsidiaries into a single operating entity, XO Communications, is anticipated to occur via a number of mergers. Corporate organizational charts showing XO's corporate structure before and after the consolidation are appended hereto as *Exhibit A*. After the merger, XO TN will cease to exist by operation of law, and XO Communications will assume all of XO TN's assets and operations and will provide

telecommunications services to XO TN's customers pursuant to XO TN's tariff, amended with the new name XO Communications.

As a result of the merger, the entity providing service in Tennessee will be XO Communications. The Petitioners therefore respectfully request that the Authority approve the transfer of the certificate now held by XO TN to XO Communications. The Authority has already examined the financial, managerial, technical and operational qualifications of XO to provide telecommunications services—XO Communications is backed by the same qualifications as XO TN and will provide the same high quality services to customers

The proposed transfer of operating authority from XO TN to XO Communications will be virtually transparent to consumers in Tennessee and will have no adverse impact on them. XO will remain the parent corporation, and the name customers see on their telecommunications invoice will remain "XO." Further, the same services will be provided to end users at substantially similar rates, terms and conditions. Because XO TN and XO Communications are managed by the same team of experienced telecommunications personnel, day-to-day operations will continue to function as they have in the past. Customer service functions will be provided by the same team of qualified consumer representatives. In order to facilitate a seamless transfer, XO Communications will file a revised tariff, as required, to reflect its slightly changed name. Thus, XO TN's end user customers will continue to receive high quality services from the same qualified personnel, at substantially similar rates, terms and conditions.

IV. Statutory Analysis

Under T.C.A. § 65-4-113, the Authority, when considering a petition for the transfer of a certificate, "shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform

efficiently the utility services to be transferred.” Furthermore, under the statute, the Authority “shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.”

As previously discussed, XO Communications will have the same, if not better, managerial, technical and financial capabilities to provide telephone services as XO TN. The reorganization will generally be transparent to customers and will have no adverse impact on them. Current XO TN customers will continue to see “XO” on their invoices and the consolidation will be entirely transparent to them. This proposed consolidation will provide significant reductions in legal, accounting and tax administrative burdens and will simplify the XO companies’ corporate structure, eliminating administrative redundancy and improving the companies’ overall efficiency, thereby enhancing the company’s ability to compete in Tennessee and elsewhere. Over time, consumers in Tennessee will benefit from a greater number of product and service options as well as more efficient prices resulting from the enhanced competitive ability of the streamlined company.

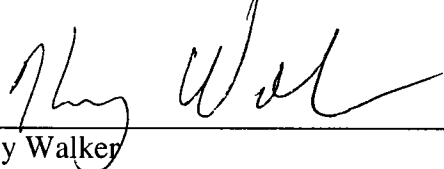
As reflected on the ownership charts appended hereto, upon completion of the reorganization, the ownership of XO Communications will be identical to its current ownership and the ownership of XO TN. Thus, there should be no question about the qualifications of XO Communications and its parent, XO, to offer telephone service in Tennessee as the reorganization will not cause any meaningful change in the ownership, financial condition or services of the utility entities. Moreover, because of the operating efficiencies resulting from the merger and the ensuing benefits to customers, this transfer of authority furthers the public interest.

WHEREFORE, the Petitioners respectfully request that the TRA approve this Petition to transfer authority from XO TN to XO Communications, pursuant to T.C.A § 65-4-113, and for such other and further relief as may be necessary to carry out the reorganization described herein

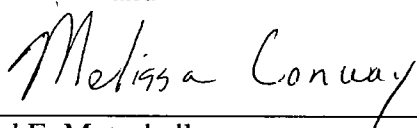
Respectfully submitted,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By:


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414 Union Street, Suite 1600
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and


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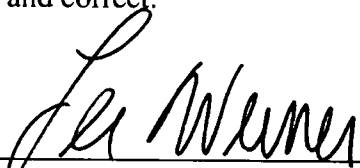
Dated: July 16th, 2004

EXHIBIT A

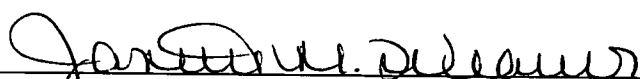
CORPORATE ORGANIZATIONAL CHARTS

VERIFICATION

I, LEE WEINER, am authorized to represent XO Communications, Inc. and its subsidiaries, and to make this verification on their behalf. The statements in the foregoing document relating to XO Communications, Inc. and its subsidiaries, except as otherwise specifically attributed, are true of my own knowledge, except as to matters that are stated herein on information or belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.


Name: LEE WEINER
Title: Sr. Vice President, General Counsel
and Secretary

Subscribed and sworn to before me on this 24th day of June, 2004.

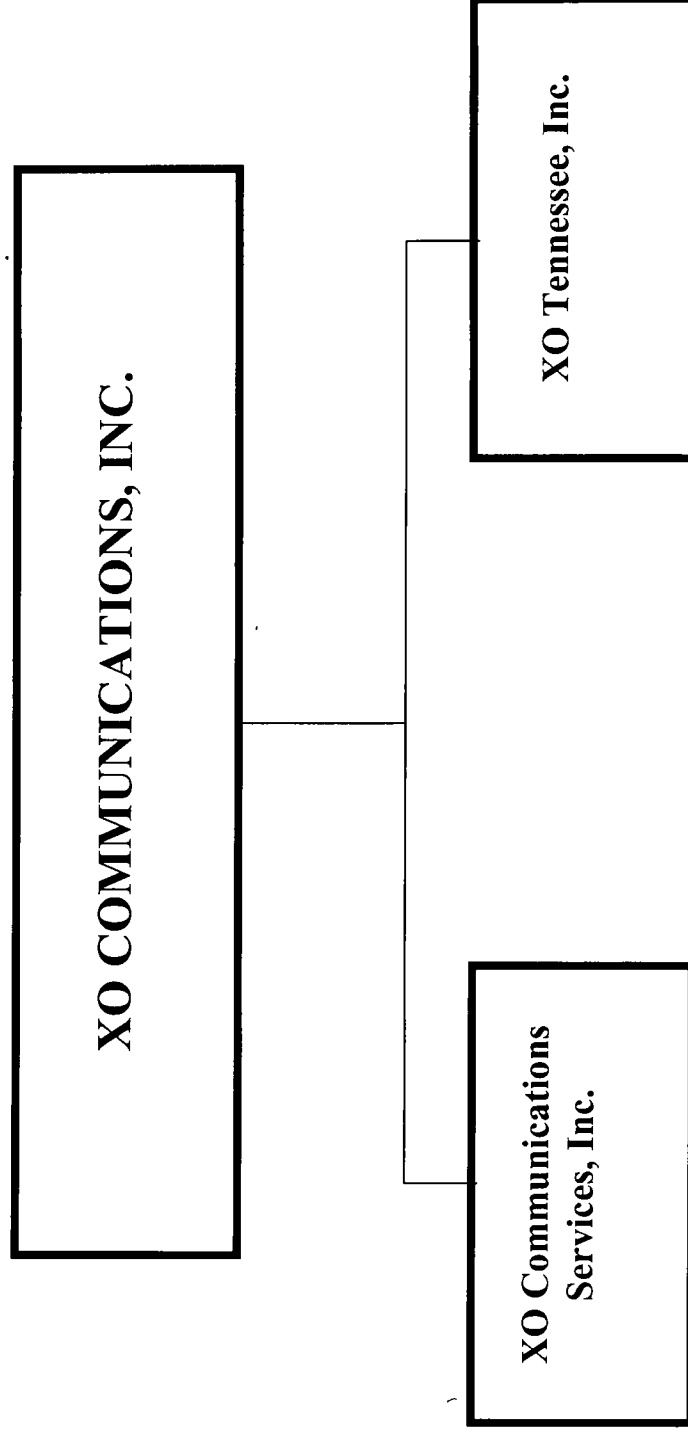

Notary Public

My commission expires: 03-31-05

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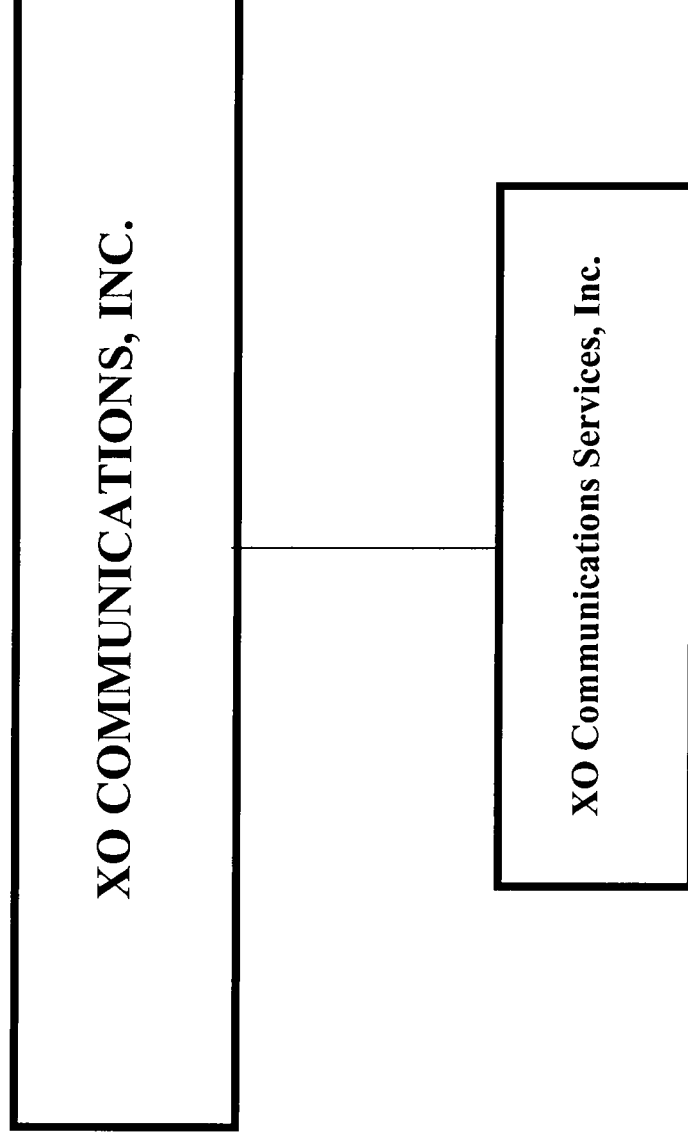


EXISTING CORPORATE STRUCTURE¹



¹ Each entity is 100% owned by the entity immediately above it, unless otherwise indicated

CORPORATE STRUCTURE AFTER RESTRUCTURING¹



¹ Each entity is 100% owned by the entity immediately above it, unless otherwise indicated